



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: November 24, 2003

THE WEEK AHEAD

FSA IN THE FIELD

National Council for Higher Education Loan Programs (NCHELP) Fall Conference: On November 16-19, FSA presented at the NCHELP Fall Training Conference in Nashville, TN. FSA assisted in providing training on the Common Review Initiative (CRI), a cooperative effort among guaranty agencies to conduct mandatory lender reviews at the servicer level, share costs, review staff and use common review procedures. The two primary goals of CRI are to improve the quality of FFEL program reviews and reduce redundancy. To date, 28 guaranty agencies have agreed to participate in this process.

National Association of College Admissions Counselors (NACAC) College Fairs: On November 13, FSA participated in NACAC's Greater Washington, DC College Fair. The following week, FSA joined Philadelphia high school students at the NACAC College Fair in Philadelphia and Baltimore area students at NACAC's Baltimore event. In all, NSS and the National Association of College Admissions Counselors will host 37 events across the country reaching approximately 150,000 students. FSA staff will be in attendance at all the events distributing information on planning and paying for college.

Maryland Executive Council for Educational Opportunities (MECEO): On November 18, FSA attended the MECEO 27th Annual Conference and presented "Finding Resources to Help Pay for College."

Hawaii College Fairs: In support of the Department's goal of increasing access to postsecondary education, FSA formed a new partnership with the Native Hawaiian Education Council (NHEC). Members of NHEC's Hawaii Island Council and Maui Island Council agreed to distribute FSA fact sheets at local college and career fairs on their islands.

Presentation to Washington, DC School Counselors: On November 18, the Consortium of Universities of the Washington Metropolitan Area, the Higher Education Information

Partnership, and the District of Columbia Public Schools hosted "Counseling the College-Bound Student." FSA was in attendance and spoke to counselors about FSA resources.

Outreach to Native American Community: Due to FSA outreach efforts at the Bureau of Indian Affairs' Johnson O'Malley National Conference and the National Indian Education Association Conference, visits to *Student Aid on the Web* by members of the Native American community have increased.

Student Aid on the Web: On November 18, *Student Aid on the Web* recorded its 10,000th My FSA account. New accounts are currently being established at the rate of almost 200 per day.

FAFSA on the Web: On November 19, FAFSA on the Web recorded its 7 millionth web application for the 03-04 cycle, a 43% increase over the same period last year.

Financial Partners Portal : For the week ending November 15th, the Financial Partners Portal recorded over 2,000 visits representing 44,357 hits. This represents a decrease over the previous week, but an increase since the beginning of the fiscal year.

OPERATIONAL METRICS

Application Activities through November 16, 2003: The Central Processing System (CPS) has processed 11.5 million applications for the 2003-2004 cycle, a 7.9% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending November 8, annual Pell and Direct Loan disbursements reached \$11.6 billion and \$11.4 billion respectively for the 2002-2003 academic year and \$4.8 billion and \$4.8 billion respectively for the 2003-2004 academic year. Through the week ending November 18, annual FFEL disbursements reached \$28.5 billion for the 2002-2003 academic year and \$10.5 billion for the 2003-2004 academic year. Through October, annual Direct Consolidation Loan disbursements reached \$685 million.

Total Default Recoveries: Through November 14, total FSA default recoveries for FY04 reached \$183.6 million, up 28% year to date. Total non-consolidation recoveries reached \$157 million, up 36.5% year to date. Combined Recoveries from our private collection agency efforts reached \$148 million, up 21% year to date.

1-800-4-FED-AID through November 15, 2003: Year to date, the Federal Student Aid Information Center (FSAIC) has received 7.6 million calls, a 0.1% increase over last year. Service levels have increased with 99.0% of calls completed, a 2.8% increase over last year and the average speed to answer reduced by 65.8% over last year to 8 seconds.

Direct Loan Servicing Call Center Phone Activity through November 14, 2003: Year-to-date, the Direct Loan Servicing Centers received 5.84 million calls to the Interactive Voice Response System, an increase of 0.68% over calendar year 2002. Of the calls received, Borrower Services representatives handled 4.20 million calls, an increase of .20% over 2002. The average speed of answer was 6.66 seconds, a decrease of 17.1% over 2002. The resolve rate for the Voice Response System was 27.87%, an increase of 1.65% over 2002.

KEY ISSUES

Common Services for Borrowers (CSB): Last week, FSA announced the award of the CSB contract to ACS Education Solutions LLC. This initiative integrates FSA's Direct Loan servicing, Direct Loan consolidations, collections, and Conditional Disability Discharge Tracking functions. In doing so, FSA is streamlining its back office processes to deliver better service to students at lower cost to taxpayers. The contract, valued at over \$1 billion and representing the largest in the FSA's history, is a five-year agreement with five additional one-year options.

Education New Parents Can Use: On November 18, Terri Shaw appeared as a featured guest on *Education News Parents Can Use*, the Department's monthly television series. The episode, entitled "*Education Beyond High School: Preparing Academically & Financially*," explored the importance of education beyond high school and what students and families can do today to prepare for it.

Direct Loan Delinquency Rate: In October, the Direct Loan portfolio delinquency rate declined representing the fifth consecutive monthly decline. At 9.99%, this is the lowest delinquency rate ever for the Direct Loan portfolio.

Exceptional Performer Summit Meeting: On November 12, FSA held a meeting with the financial partner community regarding the designation of Citibank as an exceptional performer. A number of issues were discussed including procedures, implementation deadlines, contacts, and future activities. A conference call is planned for early December with all the Guaranty Agencies and interested servicers to continue the planning and implementation process.

Voluntary Flexible Agreement (VFA) Cost Neutrality Analysis: On November 19, FSA's State Agency Liaison completed an initial VFA cost neutrality analysis for all VFA guarantors. FSA is reviewing the analysis and will follow up with the VFA guarantors with comments.

COOP Table Discussion: On November 18, FSA CIO participated in a Department-wide Table Top discussion sponsored by the Office of Management.

eLoans Initiative: On November 18, the eLoans partner agency leads (ED, HUD, SBA, USDA, VA, OMB) met to discuss HUD's preliminary findings on the Sharing Lender Performance Data Feasibility Study. SBA provided a briefing on the B2G Lender Reporting Opportunities Report. They discussed next steps to move forward with a possible pilot.

GovLoans Gateway: The GovLoans project team finalized the GovLoans vision document and action plan detailing roles and responsibilities and key dates for developing the website. The GovLoans working group is meeting weekly to determine requirements. The draft requirements document will be completed over the next couple of weeks, with sign-off by partner agencies planned for the week of December 1.

Sallie Mae Monthly Payment Error: FSA continues to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 1 million borrowers to make inaccurate

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monthly payments. FSA, OPE and OGC are reviewing policy implications and options for resolution.

ON THE HORIZON

The 2003 Electronic Access Conferences: From December 1-5, FSA will host almost 2,000 financial aid professionals in New Orleans, LA for the second of two Electronic Access Conferences (EAC). The conferences provide attendees with training and updates on Title IV programs. Earlier this month, FSA hosted over 1,800 financial aid professionals at the first EAC in San Diego, CA.

Colorado Community College System: On December 4, FSA will present a Federal Update to the financial aid directors of the Colorado Community College System.

California Community College Student Financial Aid Administrators Association (CCCSFAAA): On December 12-14, FSA will present at the CCCSF AAA Annual Conference.

California Association of Student Financial Aid Administrators (CASFAA): On December 14-16, FSA will present at the CASFAA Annual Conference.

Coalition of African American Professional and Community Organizations: On February 13, 2004, FSA representatives will present to the Coalition of African American Professional and Community Organizations at the 4th Annual Career Expo and College Fair.

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.

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